

Message Text

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ACTION NEA-10

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R 010935Z AUG 76
FM AMEMBASSY ABU DHABI
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AMEMBASSY ATHENS
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AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA

UNCLAS ABU DHABI 2077

ATHENS FOR RTDO

E.O. 11652: NA
TAGS: BEXP, TC
SUBJ: MAY '77 - PETROCHEMICAL SPECIALIZED TRADE MISSION

REF: (A) STATE 143787 (B) ABU DHABI 1300

1. MOST IMPORTANT OPPORTUNITIES IN PETROCHEMICAL FIELD
IN ABU DHABI WILL BE FOUND BY FIRMS INTERESTED IN JOINT
VENTURES AS DESCRIBED REF B, PARA 3, ALSO, SPECIALIZED
PETROCHEMICAL CONSULTANTS AND CONSTRUCTION FIRMS
SHOULD BE RECRUITED FOR MISSION. (MCKEE REPRESENTATIVE
ON A/E CONTRACTORS MISSION WHICH WAS IN ABU DHABI LAST
MAY WAS RECEIVED WITH ENTHUSIASM.) IN ADDITION,
COMPANIES OFFERING SPECIALIZED OIL FIELD SERVICES AND
DOWN HOLE SERVICES WILL FIND ATTRACTIVE MARKETS HERE,
THOUGH SEVERAL ALREADY-ESTABLISHED U.S. COMPANIES
WILL OFFER MISSION FIRMS TOUGH COMPETITION IN THESE
AREAS. AS DETAILED IN REF B WE SEE LITTLE POINT IN
SUPPLIERS OF SPECIALIZED CAPITAL EQUIPMENT (SUCH AS
HEAT EXCHANGERS, PUMPS, COMPRESSORS, OR PROCESS INSTRU-
MENTS) COMING HERE AS OIL COMPANIES PURCHASE LITTLE OF
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THIS EQUIPMENT AS INDDIVIDUAL PIECES - AND THEN NEVER FROM LOCAL

TRADERS. THERE ARE VERY FEW LOCAL FIRMS WHO WOULD BE INTERESTED IN SEEING MANUFACTURERS OR SUPPLIERS OF SUCH EQUIPMENT. WE CONTINUE TO FEEL THAT MISSION'S TIME IN UAE WOULD BEST BE SPENT IN ABU DHABI AND THAT DUBAI SHOULD BE SKIPPED.

2. IT NOT POSSIBLE TO COMPLETELY BREAK OUT GOODS DESTINED FOR USE IN PETROCHEMICAL INDUSTRY FROM PRODUCT CLASSIFICATIONS USED BY ABU DHABI CUSTOMS. HOWEVER, IMPORTS OF FOLLOWING PRODUCTS FOR FIRST SIX MONTHS OF 1975 (LATEST AVAILABLE DATA) ARE OF INTEREST. IMPORT STATISTICS ARE FOR ABU DHABI EMIRATE ONLY AND ARE IN MILLIONS OF DIRHAMS (ONE DOLLAR EQUALS 3.94 DIRHAMS):

MOTOR GASOLINE 16.6 (NIL)

KEROSENE, JET FUEL 1.2 (NIL)

LUBE OIL, GREASES 17.5 (3 PERCENT)

MANUFACTURED FERTILIZER .3 (17 PERCENT)

TUBES & PIPES OF IRON AND STEEL, SEAMLESS 133.1 (38 PERCENT)

PUMPS 45.6 (47 PERCENT)

MECHANICAL HANDLING

EQUIPMENT 35.6 (29 PERCENT)

FIGURES IN PARENTHESES ARE U.S. MARKET SHARE. AT PRESENT ABU DHABI EXPORTS ARE BASICALLY LIMITED TO 1550 MB/D OR CRUDE OIL, THOUGH IT IS POSSIBLE SOME OF THE OUTPUT OF THE 300 TON/YR PVC PIPE PLANT WHICH RECENTLY WENT ON STREAM MAY FIND ITS WAY TO EXPORT MARKETS.

3. IMPORT DUTIES ARE 2 PERCENT ON NEARLY ALL ITEMS. THERE ARE NO TRADE OR CURRENCY RESTRICTIONS EXCEPT THAT PIPE MAY NOT BE STORED IN THE PORT OF ABU DHABI DUE TO SPACE LIMITATIONS.

4. PRICING AND COMPETITION: SEEMS TO US THAT U.S. CONSTRUCTION FIRMS ARE NOT GENERALLY ABLE TO COMPETE WITH EUROPEANS OR JAPANESE FOR LARGE PETROCHEMICAL PROJECTS ON STRICT PRICE BASIS. HOWEVER, ADNOC RECOGNIZES U.S. LEAD IN PETROCHEMICAL TECHNOLOGY, AND ALSO APPEARS TO FEEL THAT THE BECHTELS AND THE FLUORS ARE ONLY FIRMS BIG ENOUGH TO HANDLE VERY LARGE SUPER-UNCLASSIFIED

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PROJECTS. U.S. CONSTRUCTION FIRMS FACE TOUGH COMPETITION FROM JAPANESE AND EUROPEAN FIRMS BECAUSE OF SUBSIDIES OF BID COSTS, PERFORMANCE GUARANTEE INSURANCE, AND ESCALATION INSURANCE MADE AVAILABLE BY JAPANESE AND EUROPEAN GOVERNMENTS.

5. UPDATED ABU DHABI PROJECTS LIST IS NOW BEING PRINTED. COPY WILL BE FORWARDED IN ABOUT TWO WEEKS. NEW LIST

ENUMERATES SEVERAL UPCOMING PROJECTS IN PETROCHEMICAL AREA INCLUDING A DOMESTIC REFINERY, NGL/LPG PLANT, FERTILIZER PLANTS, STEEL MILLS, PLASTIC PLANTS, BOARITE PLANT, ETC. TOTAL VALUE OF ABU DHABI'S PLANNED PETROLEUM-RELATED PROJECTS FOR WHICH CONSTRUCTION CONTRACTS HAVE NOT YET BEEN SIGNED APPROXIMATE 3 BILLION DOLLARS.

6. TIMING FOR FIRST HALF OF MAY WOULD BE ACCEPTABLE. EMBASSY KNOWS OF NO CONFLICTING PROMOTIONAL EVENTS DURING THAT TIME FRAME. WE WOULD STRONGLY URGE THAT MISSION NOT BE ALLOWED TO SLIP BACK TO LATE MAY AS BY THAT TIME SUMMER EXODUS WILL BE UNDERWAY. STERNER

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